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Global Agricultural Information Network

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Report Highlights:

Global demand pushes Indian oilmeal exports by 58 percent in June, 2011, *Current season may see record oilseed output*, *Zero import duty on sugar to stay for until August 31, 2011*, *DGFT shortlists applicants for cotton exports*, *Wheat procurement ends with record 27.86 million tons*, *Delhi to host international leather fair*, *Aided by base effect, food inflation dips to 7-week low*, *Record coffee exports hit domestic stocks*, *Indian Prime Minister in favor of annual agriculture survey*, *US threatens to drag India to the WTO over cotton export restrictions*, *India Food Security Bill awaits its transition into a law*, *GEAC asks companies to produce mandatory NOC from State government prior to field trials of GM crops*.

General Information:

Welcome to Hot Bites from India, a weekly summary of issues of interest to the U. S. agricultural community. The report includes information that has been garnered during travel within India, reported in the local media, or offered by host country officials and agricultural analysts. Press articles are included and summarized in this report. Significant issues will be expanded upon in subsequent reports from this office. Minor grammatical changes have been made for clarification.

DISCLAIMER: Any press summary contained herein does NOT reflect USDA's, the U.S. Embassy's, or any other U.S. government agency's point of view or official policy.

GLOBAL DEMAND PUSHES INDIAN OILMEAL EXPORTS BY 58 PERCENT IN JUNE, 2011

Indian oilmeal exports in June, 2011, rose 58 percent to 250,335 tons compared to 158,750 tons in June, 2010. Exports during first quarter of Indian fiscal year (IFY) 2011/12, (April-March) doubled to 1.07 million tons as compared to 536,700 tons during the corresponding period last year. Rising global demand for oilmeals, a rise in domestic oilseed production and an increase in domestic crushing (good crushing parity) of oilseeds supported oilmeal exports. Japan, Vietnam, China, South Korea and Europe were major importer of Indian oilmeal during first quarter of IFY.

(Source: [Business Standard](#), 07/08/11)

CURRENT SEASON MAY SEE RECORD OILSEED OUTPUT

Per an expert estimate, India's oilseed output this season may rise 9 percent to 30.25 million tons, consequently raising domestic edible oil output to 9.2 million tons, up 24 percent over last year. The forecast comes at the back of the Indian Meteorological Department's (IMD) prediction of a 5 percent decline in long-term average rainfall, the impact of which could be seen for coming months. Above normal rains until June 30 helped cover most of the country except for Gujarat and West Rajasthan. Current weather conditions favor the further advance of south west monsoon into these states which may bring relief to the parched lands. Per the Soybean Processors Association of India (SOPA), a possibility of decline in the area planted to soybean in Maharashtra is likely to be compensated by Madhya Pradesh, Andhra Pradesh and parts of Rajasthan. (Source: [Business Standard](#), 07/07/11)

ZERO IMPORT DUTY ON SUGAR TO STAY FOR UNTIL AUGUST 31, 2011

The import duty on sugar will continue to remain nil till August 31. The import duty on sugar was abolished in early 2009 to boost domestic supply. Before that, the import duty was 60 percent. The food ministry has recommended moving it to 15-20 percent, while the finance ministry is considering bringing it down to 15 percent, albeit with an ad valorem of four percent. The Indian Sugar Mills Association has reportedly pegged production at 24.2 in the current sugar year, as against 19 million tons in the 2009-10 (October-September). Currently, around five million hectares is under sugarcane production. Following bumper production estimates, the food ministry has been easing stock holding limits for sugar as well. (Source: [Business Standard](#), 07/05/11)

DGFT SHORTLISTS APPLICANTS FOR COTTON EXPORTS

The Director General of Foreign Trade (DGFT) has recently announced the allocation of export quota to applicants for an additional 1 million bales of cotton (170,000 million tons). The selected applicants have been allotted 158,460 million tons on pro-rata basis. The DGFT public notice says once the final orders are received, further action will be taken either to allot them according to High Court orders or allot the quantity (or the balance quantity, as the case may be) among the two public sector applicants, the Cotton Corporation of India (CCI) and the Minerals and Metals Trading Corporation (MMTC). The last dates for registration and shipment are July 15 and September 15. (Source: [Business Standard](#), 07/08/11)

WHEAT PROCUREMENT ENDS WITH RECORD 27.86 MILLION TONS

Food Corporation of India (FCI) and state government agencies lifted a record 27.86 million ton of wheat, crossing the target of 26 million ton. Last year, the agencies had lifted 25.38 million ton, which was a record then. The government, through its agencies, purchases large amounts of wheat from farmers after every harvest season to feed the targeted public distribution system and maintain strategic and buffer grain reserves. The record procurement follows the country's largest harvest of 82 million tons in the rabi (winter) season. India, the world's second-largest producer of wheat, had banned its exports since 2007 when it had to turn to imports after a poor harvest. (Source: [Financial Express](#), 07/05/2011)

DELHI TO HOST INTERNATIONAL LEATHER FAIR

India will host its maiden international leather show Expo Riva Schuh India to boost the domestic leather industry as well as to launch famous global brands in the country. Mr. Simon, who is credited for bringing this global fair to India, said exhibitors would not only find a fair, but also a partner who would provide them with assistance on Indian customs rules, regulations and market analysis. Starting July 28 at Pragati Maidan in the Capital, the three-day fair will be held in collaboration with the Council for Leather Exports and the state-run India Trade Promotion Organization. (Source: [The Hindu](#), 07/03/2011)

AIDED BY BASE EFFECT, FOOD INFLATION DIPS TO 7-WEEK LOW

Food inflation eased to a seven-week low during the week ending June 25, aided by the base effect and a continuing slide in items such as vegetables and pulses. According to data released by the Government on Thursday, the food inflation estimate, based on the annual Wholesale Price Index, rose 7.61 per cent during the latest reported week, down from the 7.78 percent annual rise reported in the previous week. During the corresponding period last year, food inflation was close to 20 per cent. Fruits surged 22.75 per cent, onions were up over 21 per cent year-on-year, eggs, meat and fish products shot up by 10.12 per cent and cereals increased by 4.26 per cent. Milk too was up 12.10 per cent on an annual basis. (Source: [Business Line](#), 07/08/2011)

RECORD COFFEE EXPORTS HIT DOMESTIC STOCKS

Soaring coffee prices in the international market may have pushed up exports significantly in the past one year in coffee producing countries including India, but the record exports have hit their domestic stocks considerably. According to latest figures released by International Coffee Organization (ICO), India recorded the highest level of exports ever in the first six months of the current coffee year ending March 2011. During October-March 2011, India exported 2.89 million bags (60 kg a bag) compared to 1.74 million bags in the same period a year ago, recording a year-on-year jump of 65%. (Source: [Financial Express](#), 07/02/2011 and [Economic Times](#), 07/05/2011)

INDIAN PRIME MINISTER IN FAVOR OF ANNUAL AGRICULTURE SURVEY

Indian Prime Minister Mr. Manmohan Singh wants an annual agriculture survey from next year, similar to the pre-Budget Economic Survey. Experts believe it could be a step towards much needed farm reforms. Agriculture supports two-thirds of Indians and is critical for the economy. The prime minister's office has called for an "analysis of policy issues, evaluation of schemes and their impact on the farm economy" in the survey from the agriculture ministry. "Such an initiative will be useful only if it results in the right policy action, such as key reforms related to incentives to farmers and investments," said Mr. Ashok Gulati, head of the Commission for Agricultural Costs and Prices, a body that fixes prices of major farm produce. (Source: [Hindustan Times](#), 07/05/2011)

US THREATENS TO DRAG INDIA TO THE WTO OVER COTTON EXPORT RESTRICTIONS

The United States has alleged that restrictions imposed by India on the export of cotton have contributed to global price volatility and its appropriateness should be discussed at the World Trade Organization (WTO), but India maintains that the restrictions fall outside the purview of the multilateral trade body. In a recent meeting of the WTO's committee on agriculture, the US said the cap on cotton exports imposed by India since last year had an impact on the global cotton market, contributing to unnecessary price volatility and affecting all cotton producers, and thus would be appropriate for discussion

in the committee. India, however, is confident that the export restrictions are justified as they fall under GATT Article XI and thus are outside the purview of the agriculture committee. (Source: [The Economic Times](#), 07/02/2011)

INDIA FOOD SECURITY BILL AWAITS ITS TRANSITION INTO A LAW

The food ministry seems to have given up the hope of seeing the Food Security Bill passed into a law this financial year (April 2011-March 2012). The government has been trying hard to build a political consensus on the contours of the proposed law, but even if it succeeds in the task, putting in place the institutional framework for the law will take time given the scale of grain movement envisaged. A delayed rollout suits the finance ministry given the funds constraint it is facing and the impact the proposed law would have on the already high food inflation. The food security law, which envisages subsidized grains for at least 90 percent of rural and 50 percent of urban households, will definitely add to the government's mounting subsidy burden at a time when its revenues are headed for a squeeze. (Source: [The Economic Times](#), 07/04/2011)

GEAC ASKS COMPANIES TO PRODUCE MANDATORY NOC FROM STATE GOVERNMENT PRIOR TO FIELD TRIALS OF GM CROPS

India's Genetic Engineering Approval Committee (GEAC) directed applicants or companies wishing to conduct field trials for genetically modified (GM) crops to first produce a No Objection Certificate (NOC) from the states where they wished to conduct field trials. State governments now want information on field trials of genetically modified crops. Governments of the states of Bihar, Kerala, Madhya Pradesh, and Himachal Pradesh have earlier objected to field trials on GM crops being conducted in their state without their knowledge. In the new rules, those wishing to conduct field trials for GM crops must first write to the GEAC about the place they have in mind. The Committee would then analyze the site on various parameters, such as its location near a sanctuary, water body, etc. After obtaining clearance, the applicants would have to get a no-objection certificate from the state in question as well, before any field trial. Companies have expressed their dissent over the new rule. (Source: [Business Standard](#), 07/07/2011)

RECENT REPORTS SUBMITTED BY FAS/NEW DELHI

REPORT #	SUBJECT	DATE SUBMITTED
IN1160	Weekly Hot Bites, #26	07/01/2011
IN1161	2011 Monsoon Report 2	07/06/2011

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